IRONCLAD
MINING LIMITED

ABN 79 124 990 405

And Controlled Entities

Annual Report

30 June 2011

CORPORATE DIRECTORY

CHAIRMAN/EXECUTIVE DIRECTOR
Ian D. Finch

NON-EXECUTIVE DIRECTORS
Neil W. McKay
Peter W. Rowe

COMPANY SECRETARY
Neil W. McKay

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STOCK EXCHANGE LISTING
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(Home Exchange: Perth, Western Australia)
Code: IFE

BANKERS
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IronClad Mining Limited and Controlled Entities
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Chairman's Letter

Dear Members,

Once again it gives me great pleasure to further inform you of the progress of your company over the past 12 months.

I spoke last year of the innovative manner in which we had been able to chart a course through to iron ore producer status ahead of most other aspirants. The identification and definition of high grade, low contaminant, direct shipping (DSO) magnetite paved the way for an early, low cost entry into the industry. This, in itself, brought with it many challenges to the technical team, since there existed no template around the world for such an ambitious proposition. I am pleased to report that the team have met and overcome these challenges.

I also spoke last year of the "vexing question" of finding a dedicated port to accommodate our future planned export growth. Once again the technical team, under the leadership of Allen Cauvin in Adelaide, produced the veritable "rabbit out of the hat"!

I was able to announce at the SARIEC conference in Adelaide in May this year that, in collaboration with Sea Transport Development SA Pty Ltd, IronClad was actively participating in the development of a revolutionary floating harbour concept at Lucky Bay on Spencer Gulf, south of Whyalla. The transhipment of iron ore from IronClad's 50 hectare facility at Lucky Bay to the floating harbour, 10 kilometres offshore, will allow the Company to load full cape size (~150,000 tonne) vessels in late year 2, or early year 3 of our operations. The South Australian Government seized upon the innovation and awarded the Lucky Bay project a section 49 ("fast track") status. Full approvals for the use of the port are anticipated in time for our first exports in early 2012.

In years 1 and 2 of operations, shipping will be by tug and barge initially, followed by the addition of 2 powered, "feeder vessels" capable of transporting ore at the rate of 12,000 tonnes per day each to waiting Panamax size (~70,000 tonne) vessels. The feeder vessels will be customised to integrate with the design of the floating harbour.

Strong iron ore prices still prevail, and are predicted to remain high for some years to come. This augurs well for our fledgling operations that should see healthy returns in the early years and set the foundation for steady growth of your Company over many years to come.

It has, undoubtedly, been a challenging journey thus far, at times resulting in regrettable and frustrating time slippages. Over nearly four years, however, the Company has derisked the project substantially to the point that, now only two boxes remain to be ticked. The South Australian Government approval, which is expected very soon, and the final start up capital raising, which is well advanced. 2012 will be an exciting time for all as we witness the transformation of your company from a developer to a producer.

I look forward to the coming pivotal year with great anticipation.

Ian Finch,
Chairman.

PROJECT OVERVIEW

Background

The Wilcherry Hill Project is located approximately 30km north of the township of Kimba on the northern Eyre Peninsula of South Australia (Figure 1) and about 130km from the major steel making town of Whyalla.

The Wilcherry Hill Project comprises four exploration licenses, in Joint Venture with Trafford Resources and together covering over 976km². The project area has been explored since the early 1980's, originally by Shell Minerals, then after numerous joint ventures and corporate takeovers Trafford Resources acquired the four main tenements from Aquila Resources Ltd in 2006. Previous exploration focused mainly on gold and base metals, but Trafford quickly identified the potential of the iron resources at Wilcherry Hill.

A Desktop Study was implemented by Promet Engineers and concluded that a 2Mtpa base case operation was potentially viable with a number of product and export alternatives. A premium quality product of crystalline magnetite with high weight recoveries (up to 75%) and low impurities was recognised in testwork.

In 2007, IronClad Mining entered into a joint venture with Trafford Resources to develop the Wilcherry Hill iron project. IronClad has since progressed key aspects of the project, increasing the resource size five-fold and bringing it closer to production by undertaking detailed geological, mine development, metallurgical, environmental, social and infrastructure studies and approvals.

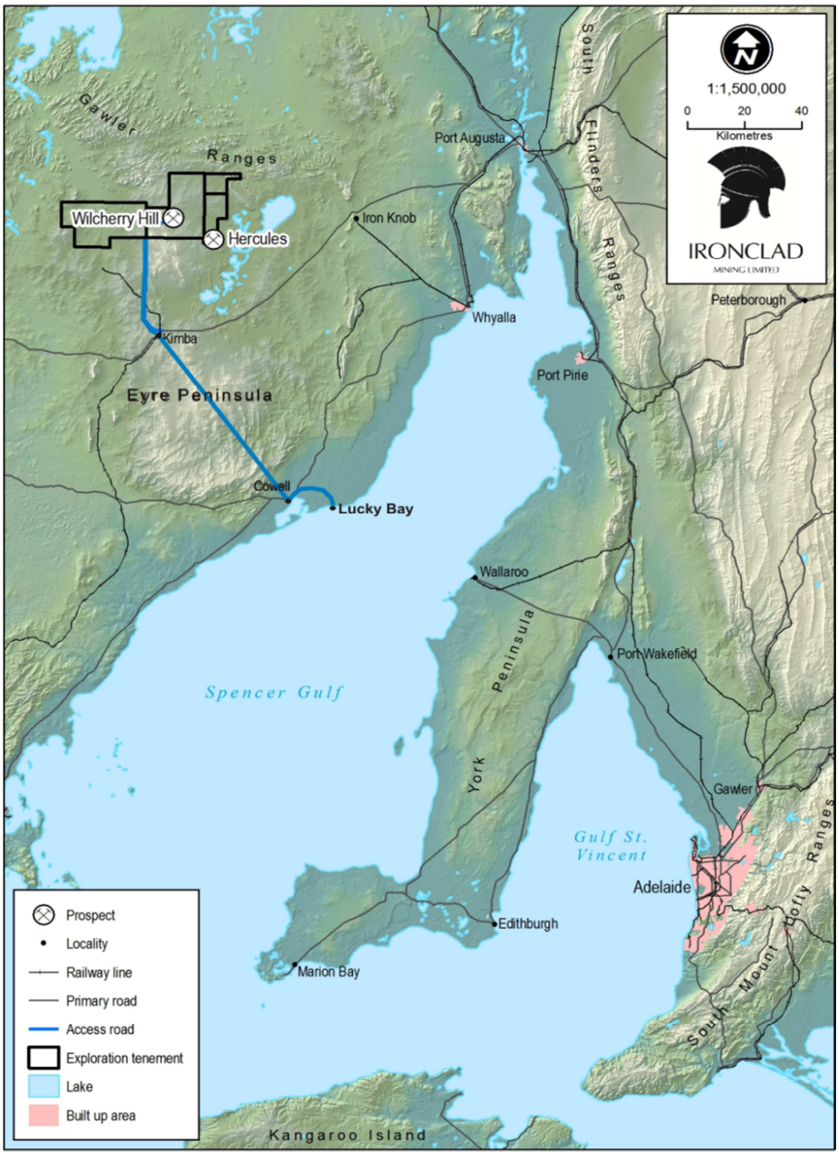

Figure 1: IronClad Project location and transport route to Lucky Bay

Tenure

IronClad Mining has earned 80% interest in the iron rights to four tenements from Trafford Resources, as outlined in Table 1. The project area is serviced by roads and station tracks, which provide good access into the area. The company in conjunction with the Kimba council has already undertaken a road upgrade of the Drekumi road which will be utilised by the company to transport its ore when production begins. Most of the land is on the Nonning, Uno and Yeltana Pastoral Stations, with natural bushland and land use confined to low density sheep grazing.

TENEMENT SCHEDULE					
Exploration Licence Number	Tenement Name	Registered Holder	JV Partner	Area (km^2)	Comment
4286	Valley Dam	Trafford Resources Ltd	Trafford	66	80% of Fe earned
4162	Wilcherry Hill	Trafford Resources Ltd	Trafford	387	80% of Fe earned
3981	Eurilla Dam	Trafford Resources Ltd	Trafford	115	80% of Fe earned
4421	Peterlumbo	Trafford Resources Ltd	Trafford	408	80% of Fe earned
			TOTAL	976	

Table 1: IronClad mining tenement interests

Geology

Strong intersections of coarse crystalline magnetite seen at the Weednanna, Weednanna North, Ultima Dam East and Ultima Dam West prospects yielded continuing confirmation of the high grade, low contaminant ore. Exceptional iron grades were recorded at each of these prospects. The identification of shallow high grade ore zones prompted the Company to step up work to investigate the possibility of Direct Shipping Ore (DSO) as an early, low cost entry into production.

IronClad began an RC drilling program to quantify the tonnages of near surface DSO mineralisation and thereby fast-track early, low cost production. The drilling followed the discovery of iron grades up to 65% Fe at a 150x40m outcrop at Ultima Dam West.

The project feasibility study continued in-house, and was restructured to include the DSO mining as the initial start-up stage for development of the Wilcherry Hill Iron Project.

The Project strategy is now represented in three stages:

Stage 1: Development of DSO resources at Wilcherry Hill targeting 2Mtpa,

Stage 2: Beneficiation of sub DSO coarse grained crystalline magnetite resources at Wilcherry Hill ~5Mtpa,

Stage 3: Development of the huge banded iron formation resource at Hercules ~10Mtpa.

These stages are built on a solid foundation of past drilling programs which have defined upgraded JORC resources of 69.3Mt with a high grade DSO core of 10.2 Mt at Wilcherry Hill with a target potential of 600-700Mt of coarse grained crystalline magnetite and 198Mt with a target potential of 1-1.5Bt of Banded Iron Formation (BIF) magnetite, hematite and goethite at Hercules.

A large amount of Geotechnical and Metallurgical drilling has been completed for the purpose of optimising the mine plan and pit designs. This work successfully designed pits for a number of different project scenarios and will form the basis of ongoing study work and approvals.

Project Overview (cont'd)

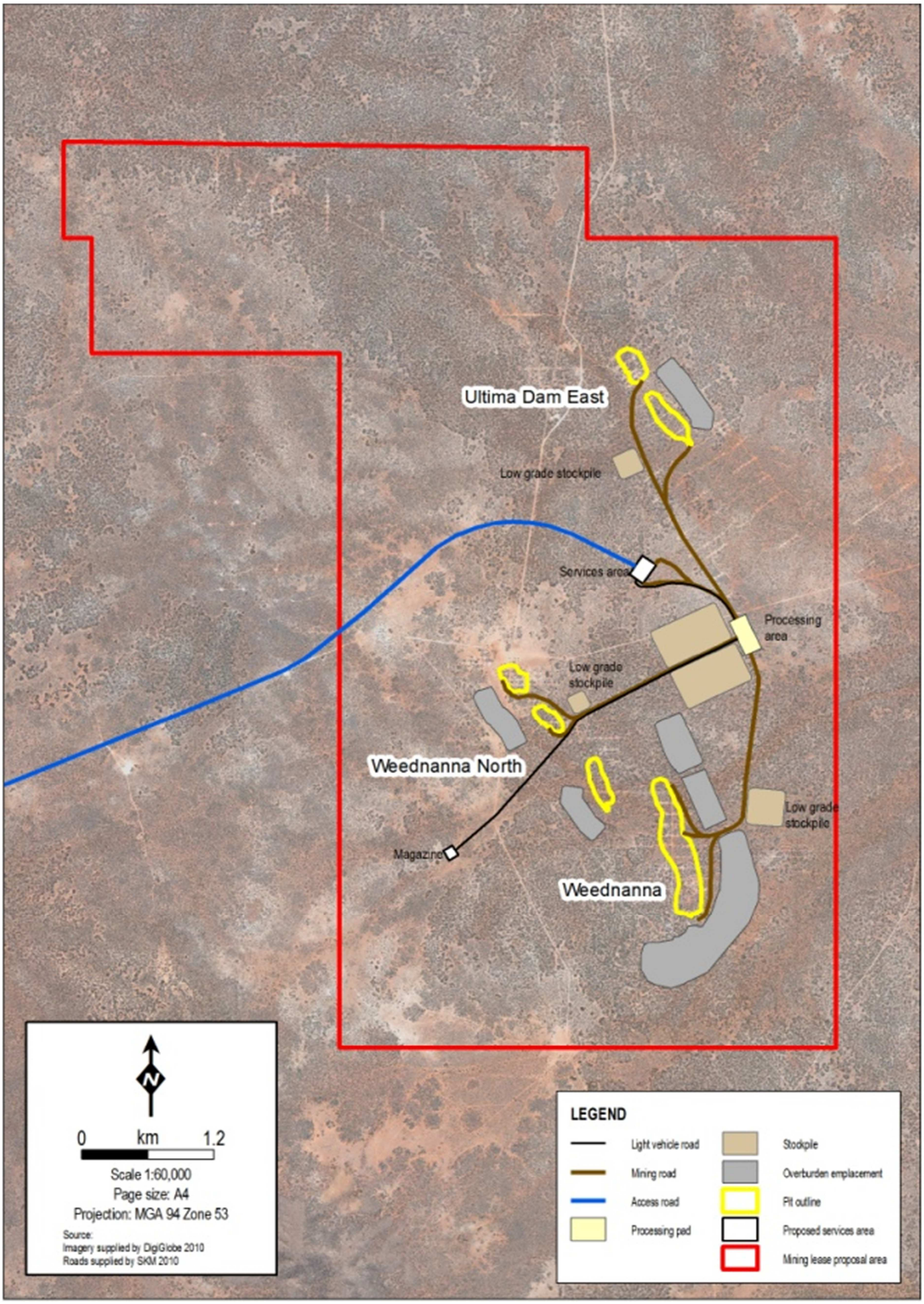

Figure 2: Map of Wilcherry Hill Mining Lease Application

Project Overview (cont'd)

JORC classification of updated Wilcherry Hill magnetite resource September 2010										
Prospect	**Jorc Classification**	**Tons (mt)**	**Fe %**	**Sg**	**Sio2 %**	**Al2o3%**	**P %**	**Loi**	**Strike Length**	**Average Dip**
Weednana	Inferred	0.78	41.84	3.44	17.30	4.15	0.02	3.70	1.2 Kilometers	45 Degrees
	Indicated	19.50	25.56	3.01	32.27	11.03	0.04	6.46		
	Total	**20.28**	**26.19**	**3.03**	**31.72**	**10.78**	**0.04**	**6.36**		
Ultima Dam East	Inferred	9.50	24.06	2.95	39.67	7.45	0.10	6.93	1.4 Kilometers	40 Degrees
	Indicated	14.48	27.05	3.04	33.62	9.49	0.12	9.04		
	Total	**23.97**	**25.86**	**3.00**	**36.02**	**8.68**	**0.11**	**8.20**		
Weednana North	Inferred	3.01	31.63	3.14	13.80	5.22	0.03	7.90	1.1 Kilometers	< 40 Degrees
	Indicated	14.18	23.83	2.96	32.52	10.14	0.05	7.24		
	Total	**17.19**	**25.19**	**3.00**	**29.25**	**9.28**	**0.04**	**7.36**		
Ultima Dam West	Inferred	7.86	26.54	3.00	30.96	2.92	0.05	6.64	250 meters	> 60 Degrees
	Indicated	0.00	0.00	0.00	0.00	0.00	0.00	0.00		
	Total	**7.86**	**26.54**	**3.00**	**30.96**	**2.92**	**0.05**	**6.64**		
Combined Total Inferred		**21.2 Mt**	**26.7**	**3.0**	**31.9**	**5.3**	**0.07**	**6.8**		
Combined Total Indicated		**48.2 Mt**	**25.5**	**3.0**	**32.8**	**10.3**	**0.07**	**7.5**		
Combined Total		**69.3 Mt**	**25.9**	**3.0**	**32.5**	**8.8**	**0.07**	**7.3**		
Notes	*Specific Gravity (SG) calculated by applying the polynomial best fit equation* ***SG = (0.00043*(fe_est*fe_est)-(0.00008*fe_est)+2.67682))*** *derived from 439 pycnometer values and assuming a 2% porosity*									

Table 2: Resource summary for IronClad's projects

Sales and Marketing

The Wilcherry Hill Iron Ore Project is being developed to begin production of premium quality, Direct Shipping Ore (DSO) for sale to Chinese steel mills. Production is scheduled to begin in the fourth quarter, ramping up to 2 million tonnes a year of the premium product.

At the company's election, sale of the first two years of production from stage one of the project has already been secured under a comprehensive sales contract and marketing agreement between IronClad and OM Materials Pte Ltd of Singapore, a subsidiary of ASX listed, OM Holdings Limited (OMH).

OM Materials will ship the ore to stockpiles in China (Figure 3) for sale directly to the steel mills at prices mutually established from several world iron ore pricing indices.

The feasibility study established that, with an average iron ore price of A$140 per tonne FOB (net of freight charges) into China and initial operating costs of around A$85 per tonne, the project would provide IronClad with strong margins of approximately A$50 per tonne and an operating cash flow of around A$100 million a year at full production during stage one.

Project Overview (cont'd)

Figure 3: Typical iron ore stockpiles in China

Native Title Signing

The signing of a Native Title Mining Agreement during 2010 has opened the way for the development of IronClad Mining's Wilcherry Hill Iron Ore Project. The Native Title Mining Agreement was signed by the Gawler Ranges Native Title Claim Group and executives of IronClad Mining. It provides for a range of measures and opportunities that will flow from the development of a mining operation at Wilcherry Hill in a manner sensitive to Aboriginal cultural and heritage issues.

Infrastructure

Several iterations of site infrastructure layout have been completed, which includes the location of pits, ore stockpiles, waste dumps, process plant and fuel storage. The nature of the process dictates that the design will be further developed and optimised throughout development until production is achieved for the most efficient plan.

Port

IronClad signed an option agreement with Sea Transport Development SA Pty Ltd ("SEATS") who is developing a multi-user bulk shipping port at Lucky Bay, near Cowell, on South Australia's Spencer Gulf. IronClad will use a multi-user port facility concept developed by SEATS to ship iron ore from a negatively pressurised shed at Lucky Bay to a negatively pressurised floating harbour, located about 5-10km offshore.

Cape-sized vessels with a capacity of up to 150,000 tonnes will then be loaded with iron ore from the floating harbour. The South Australian government has already supported the multi-user harbour under Section 49 of the Development Act, which facilitates approvals for infrastructure projects considered essential to South Australia's development. IronClad has already purchased a tug boat which is currently undergoing a full refurbishment and will be integral to the process of loading at the port (Figure 5.)

Project Overview (cont'd)

IronClad has exercised its option over 50 hectares of land at the port which will secure its position in preparation for production in Q4 of 2011. The multi user port and floating harbour will provide an important export point and significant cost savings for the Wilcherry Hill Iron Ore Project, and will also strengthen economic growth and employment opportunities in the region.

Previously, IronClad had announced plans to transport iron ore from the mine site via road to Lincoln Gap, where it was to be loaded onto rail to Port Adelaide, before being transferred to Panamax and small cape size vessels.

With the advancement of the Lucky Bay facility the iron ore will be transported by road from Wilcherry Hill to Lucky Bay, where it will be loaded onto customised barges to transport the ore to the floating harbour. It will then be transferred to cape size ships docked alongside.

The Lucky Bay port option will reduce the land transport distance from Wilcherry Hill to port from 520km to only 154km.

The Lucky Bay multi-user port facility will be developed in two stages.

- Stage One will operate via a tug and dumb barge system. IronClad has already purchased a tug and construction of the dumb barge will commence soon.
- Stage Two will be developed with customised motorised feeder barges, on-shore loading facilities and the off-shore floating harbour.

For the first two years, iron ore will be transported in modified shipping containers by road to the port and transhipped in feeder barges, still in containers, to panamax vessels equipped with cranes and dust suppression systems. The containers will be lifted by crane and emptied into the hold.

As the tonnage increases, this system will be replaced with a quicker, more efficient loading system where bulk ore will be carried from the land based port to a floating harbour - a large floating facility with ore stockpiling space of 100,000 tonnes and docking facilities. The floating harbour will be permanently anchored approximately 10 km off shore, in water deep enough for +150,000 tonne cape size vessels to berth and load.

Figure 4: Existing Lucky Bay facility

Project Overview (cont'd)

Figure 5: Tug boat purchased, undergoing refurbishment

Approvals

IronClad submitted its Mining Lease Proposal (MLP) to the South Australian Government in January 2011 after which it underwent a 2 month public exposure and comment period and then followed through the process for approval. It is now in the final stages and is expected to be imminently granted.

Once the MLP has been granted the Mining and Rehabilitation Plan (MARP) can be submitted to the government for approval as per the department's set guidelines. The MARP has an approximate approval timeframe of 2 months. The granting of the MARP will therefore enable the company to begin production at the earliest possible time.

Risk

IronClad continues to undertake a risk assessment process in accordance with AS4360 and has put in place planned strategies and actions to mitigate risks.

Stakeholders

IronClad Directors and Managers continued their ongoing consultation with key authority stakeholders which include members of local state and federal governments to ministerial level throughout the year.

Capital Raisings

During the reporting period the Company made two capital raisings. The first was completed in December 2010 $5,921,250.00 was raised by way of a 15% placement of 7,895,000 ordinary shares ("Placement Shares") in the company at $0.75 per share to institutional and sophisticated investors.

Project Overview (cont'd)

The second in March 2011, the company issued a prospectus for a pro rata non-renounceable entitlement issue of 1 share for every 4 shares held by shareholders at an issue price of $0.75 per share to raise $11,349,727 together with one free attaching option exercisable at $0.75 per option on or before 30 March 2012.

Subsequent to these two raisings Trafford Resources diluted its interest to 36.3% direct interest in IronClad as a way to free up some liquidity in the market, while still maintaining its 20% free carried interest in the Wilcherry Hill Iron Ore Project.

DIRECTORS' REPORT

Your directors present their report on the IronClad Mining Limited (the "Company") and of the Group being the Company and its controlled entity ("the Group") for the financial year ended 30 June 2011.

Directors

The names of directors in office at any time during or since the end of the year are:

Ian D. Finch

Neil W. McKay

Peter W. Rowe

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

Neil McKay — Bachelor of Business

Principal Activities

The principal activities of the Group during the financial year were mineral exploration and project development.

There were no significant changes in the nature of the principal activities during the financial year.

Operating Results

The Group's loss after providing for income tax amounted to $571,139 (2010: Loss of $921,718)

Dividends Paid or Recommended

No amounts have been paid or declared by way of dividends by the Company since the end of the previous financial period and up until the date of this report. The directors do not recommend the payment of any dividend for the financial year ended 30 June 2011.

Review of Operations

- A Positive Feasibility study was completed in December 2010.
- The Company submitted its Mining Licence Proposal (MLP) to the South Australian Government in January 2011 with approvals expected imminently.
- The Wilcherry Hill Iron Ore Project, in which the Company has 80% interest, upgraded its crystalline magnetite resource to 69.3Mt, which includes a high grade Direct Shipping Ore (DSO) resource of 10.2Mt.
- In May 2011, IronClad Mining Ltd signed an option agreement with Sea Transport Development SA Pty Ltd which is developing a multi-user bulk shipping port at Lucky Bay and a floating harbour 5-10km offshore from Lucky Bay. Utilising this port will cut land haulage distance of iron ore from Wilcherry Hill into ships thus reducing operating costs by 25% to 35%. Shipment from Lucky Bay is expected to commence in Q1 2012.
- IronClad purchased a tug boat which is currently undergoing refurbishment for use in the transhipping of the ore.

DIRECTORS REPORT (Cont'd)

- The Company also signed a Native Title Mining Agreement with the Gawler Ranges Native title Claim Group. This has opened the way for the development of the Wilcherry Hill iron ore project.
- In September 2010, the Company signed a comprehensive sales contract and marketing agreement with Singapore-based marketing and trading company, OM Materials (S) Pte Ltd (OMS), whereby OMS will purchase the first two years' of production of iron ore from the Wilcherry Hill iron ore project.
- In December 2010, $5.6 million (after costs) has been raised via 15% placement of shares.
- In March 2011, The Company issued a prospectus for pro rata non-renounceable entitlement issue of 1 share for every 4 shares held by shareholders at an issue price of $0.75 per share to raise $11,349,727 together with one free attaching option exercisable at $0.75 per option on or before 30 March 2012

Financial Position

The directors believe the Group is in a strong and stable financial position to expand and grow its current operations. The Group's net assets as at 30 June 2011 are $42,607,768 (2010: $19,850,543).

Significant Changes in State of Affairs

There was no significant change in the state of affairs of the Group that occurred during the financial year under review that is not mentioned elsewhere in this report or listed below.

After Balance Date Events

On 2 August 2011, the Company exercised the option it held with Sea Transport Development SA Pty Ltd over the port facilities at Lucky Bay in South Australia. The Company now has full access to a designated 50 hectare site, with harbour frontage and full usage of the port itself, which paves the way for a two stage transhipping operation due to commence very early in 2012.

Future Developments, Prospects and Business Strategies

To maximise shareholder wealth, the following developments are intended to be implemented in the near future:

i. The Company further intends to submit its Mining and Rehabilitation plan (MARP) to the Department of Primary Industries and Resources of South Australia for approval as soon as the MLP has been granted as per the stipulation of the government.

ii. The Company also expects to finalise its loan facility after the MLP is completed which should provide sufficient funding through final development and initial production.

iii. Production is expected to begin Q4 2011.

iv. First shipment is due begin Q1 2012.

Environmental Issues

The Group's operations are subject to environmental regulation under the law of the Commonwealth and State in relation to exploration activities. The Directors are not aware of any significant breaches during the period covered by the report.

The Directors have considered the National Greenhouse and Energy Reporting Act 2007 (the NGER Act) which introduces a single national reporting framework for the reporting and dissemination of information about the greenhouse gas emissions, greenhouse gas projects, and energy use and production of corporations. At the current stage of development, the Directors have determined that the NGER Act will have no effect on the Group for the current or subsequent financial year. The Directors will reassess this position as and when the need arises.

DIRECTORS REPORT (Cont'd)

Information on Directors

Ian D Finch	Chairman/Executive Director
Qualifications	BSc (Hons) in Geology from the University of Birmingham (England), a Member of the Australasian Institute of Mining and Metallurgy, and a Member of the Australian Institute of Company Directors.
Experience	Mr Finch's career spans 41 years of mining and exploration. He worked extensively throughout Southern Africa between 1970 and 1981 – from the Zambian Copper Belt and Zimbabwean Nickel and Chrome fields to the Witwatersrand Gold Mines in South Africa. In 1981 he joined CRA Exploration as a Principal Geologist, before joining Bond Gold as its Chief Geologist in 1987. In these roles he was instrumental in the discovery and development of several new gold and copper/gold resources in Australia. In 1993 Mr Finch established Taipan Resources Ltd, a company which successfully pioneered the exploration for large gold deposits in the Ashburton District of Western Australia – when it was discovered a resource of approximately 1.0 million ounces at the Paulsen's Project. In 1999 Mr Finch founded Templar Resources Limited, now a 100% owned subsidiary of Canadian Listed company Goldminco Corporation. As President/CEO for Goldminco until May 2005, Mr Finch established an extensive exploration portfolio in New South Wales where the Company is actively exploring for large porphyry copper / gold deposits. During his presidency Mr Finch forged strong strategic ties with major mining houses and financial institutions in Vancouver, Toronto and London. Mr Finch was Chairman of Bannerman Resources Limited from 30 May 2005 until 26 May 2006.
Interest in Shares and Options	113,482 fully paid ordinary shares. 18,897 options exercisable at $0.75 on or before 30 March 2012
Directorships held in other listed entities	Managing Director of Trafford Resources Limited.
Neil W. McKay	Non-Executive Director and Company Secretary
Qualifications	Bachelor of Business
Experience	Neil McKay is a former Chartered Accountant and has been involved in the resources industry for more than 25 years. He has been Company Secretary for several listed resource public companies and held senior administrative and accounting positions for a number of other resource companies. Since 1995 he has operated as an independent consultant, specialising in the incorporation and administration of resource companies with special focus on South East Asia. For the last three years he has divided his time between Australia, where he consults to various public companies and continues his involvement in South East Asia.
Interest in Shares and Options	16,500 fully paid ordinary shares. 3,300 options exercisable at $0.75 on or before 30 March 2012
Directorships held in other listed entities	Director of Trafford Resources Limited.

DIRECTORS REPORT (Cont'd)

Peter W. Rowe	Non-Executive Director
Qualifications	B.Sc. (Chem Eng), FAusIMM, FAICD
Experience	Mr Rowe has extensive mining experience over a 35 year career in Australia and South Africa. Following 20 years with Anglo American and De Beers, he moved to Australia were he held a number of senior managerial positions. These included project director of the Fimiston expansion (Kalgoorlie Superpit), general manager of the Boddington Gold Mine and of the Boddington Expansion Project and managing director and CEO of Bulong Nickel. He joined AngloGold Ashanti Australia and transferred to Johannesburg in 2006. He has recently retired from his position there as executive vice president – business effectiveness, and has returned to Australia.
Interest in Shares and Options	400,000 options exercisable at $0.75 on or before 31 October 2012
Directorships held in other listed entities	Millennium Minerals Limited (appointed 21 July 2009) Adamus Resources Limited (appointed 29 July 2009) Ammtec Limited (resigned in November 2010) Kimberley Rare Earths Limited (appointed 21 January 2011) European Nickel PLC (appointed 27 July 2011)

Meetings of Directors

During the financial year, 9 meetings of directors (including committees of directors) were held.
Attendances by each director during the year were as follows:

	Held	Attended	Eligible to attend
Ian Finch	9	9	9
Neil McKay	9	9	9
Peter Rowe	9	9	9

Indemnifying Officer

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every Officer or agent of the Group shall be indemnified out of the property of the Group against any liability incurred by him in his capacity as Officer or agent of the Group or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal. The amount paid for this indemnity was $6,885.

Options

At the date of this report, the unissued ordinary shares of IronClad Mining Limited under option are as follows:

Grant Date	Expiry Date	Exercise Price	Number of Options
8 April 2011	30 March 2012	$0.75	16,327,448
6 March 2008	31 August 2012	$1.50	320,000
6 March 2008	31 August 2012	$2.00	80,000
7 July 2011	31 October 2012	$0.75	400,000
31 May 2008	26 May 2013	$1.25	150,000

DIRECTORS REPORT (Cont'd)

Proceedings on Behalf of Group

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any other proceedings during the year.

Non-audit Services

The board of directors is satisfied that the provision of non-audit services performed during the year by the Group's auditors is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

No other fees were paid or payable to the auditors for non-audit services performed during the year except for a fee of $18,390 (2010: $13,803) paid for taxation services.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 20 of the directors' report.

Consent of Competent Persons

Exploration Results

Information in this report relating to Exploration Results is based on information compiled by Mr. Ian Finch, who is a member of the Australian Institute of Mining and Metallurgy and who has more than five years experience in the field of activity being reported on. Mr Finch is the Executive Chairman of the Company. Mr Finch has sufficient experience which is relevant to the style of mineralisation and type of deposits under consideration and to the activity which he is undertaking to qualify as a competent person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Minerals Resources and Ore Reserves. Mr Finch consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

DIRECTORS REPORT (Cont'd)

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each key management person of the Group.

Remuneration policy

The remuneration policy of IronClad Mining Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component which is assessed on an annual basis in line with market rates. The Board of IronClad Mining Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best people to run and manage the Company, as well as create goal congruence between directors and shareholders.

The board's policy for determining the nature and amount of remuneration for board members is as follows:

- The remuneration policy, setting the terms and conditions for the executive directors and other senior staff members, was developed by the Company Secretary and approved by the board after seeking professional advice from independent external consultants.
- In determining competitive remuneration rates, the Board seeks independent advice on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice is obtained to confirm that executive remuneration is in line with market practice and is reasonable in the context of Australian executive reward practices.
- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, options and performance incentives.
- Performance incentives are generally only paid once predetermined key performance indicators have been met.
- Incentives paid in the form of options or rights are intended to align the interests of directors and company with those of the shareholders.

The Group is an exploration and development entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions within the same industry. The Board were issued shares and options as part of the terms of the Initial Public Offer. Board members have retained these securities which assist in aligning their objectives with overall shareholder value.

Further performance incentives will be issued in the event that the Group moves from an exploration to a producing entity, and key performance indicators such as schedule, capital costs, profits and growth can be used as measurements for assessing Board performance.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9% and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors is valued at the cost to the Group and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

DIRECTORS REPORT (Cont'd)

The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board in consultation with independent advisors determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the Group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the employee incentive scheme. Options granted under the scheme do not carry dividend or voting rights.

Group Performance, Shareholder Wealth and Directors' and Executives Remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders and directors and executives. This has been achieved by the issue of shares to the majority of directors and executives to encourage the alignment of personal and shareholder interest.

Employment Contracts of Directors and Other Executives

The Group has not entered into a contract of employment with any director.

The employment conditions of key management personnel are formalised in contracts of employment. The General Manager is employed under a permanent employment contract and the terms of the contract are as follows:

- The contract can be terminated by both parties in certain limited circumstances.
- In the instance of serious misconduct, the Company may terminate General Manager employment at any time. Termination payments are generally not payable on dismissal for serious misconduct.
- Any options or performance rights not exercised nor vested before or on the date of termination will lapse.

Details of Remuneration for Year Ended 30 June 2011

The remuneration for each director and executive of the Group during the period was as follows:

2011

	Salary, Fees and Commissions	**Director's Fee**	**Cash Bonus**	**Super-annuation Contribution**	**Termination**	**Options (iii)**	**Total**	**Represented by Options %**
	$	**$**	**$**	**$**	**$**	**$**	**$**	
Directors								
Ian Finch	208,037	-		36,163	-	-	244,200	-
Neil McKay	136,560	48,000	-	-	-	-	184,560	-
Peter Rowe	-	44,037	-	3,963	-	-	48,000	-
Executives								
Allen Cauvin (i)	175,000	-	-	15,750	-	-	190,750	-
Patrick Clifford (ii)	53,333	-	-	4,800	116,267	(71,131)	103,269	-
	572,930	**92,037**	**-**	**60,676**	**116,267**	**(71,131)**	**770,779**	

(i) Starting on 1st January 2011.

(ii) Resigned 20th August 2010.

(iii) The fair value of the options is calculated at grant date using Black-Scholes model.

DIRECTORS REPORT (Cont'd)

2010

	Salary, Fees and commissions	Director's Fee	Cash Bonus	Super-annuation Contribution	Termination	Options (iii)	Total	Represented by Options %
	$	$	$	$	$	$	$	
Directors								
Ian Finch	176,037	-	3,937	68,518	-	-	248,492	-
Neil McKay	93,630	48,000	-	-	-	-	141,630	-
Peter Rowe	-	44,037	-	3,963	-	-	48,000	-
Shane Sadleir (iv)	-	-	-	-	-	-	-	-
Executives								
Andrew Bennett (i)	110,757	-	-	13,403	43,750	-	167,910	-
Patrick Clifford (ii)	336,736	-	-	30,306	-	71,131	438,173	16
	717,160	**92,037**	**3,937**	**116,190**	**43,750**	**71,131**	**1,044,205**	

(i) Resigned 25th January 2010.

(ii) Resigned 20th August 2010.

(iii) The fair value of the options is calculated at grant date using Black-Scholes model.

(iv) Resigned 17th March 2010

Options issued as part of remuneration

Options are issued to directors and executives as part of their remuneration. The options are not issued based on performance criteria, but are issued to the majority of directors and executives of IronClad Mining Limited to increase goal congruence between executives, directors and shareholders. The options issued to directors have no vesting condition and vest immediately while options issued to executives will vest after a two years period. When exercised all options issued will result in the issue of ordinary shares in the Company on a 1:1 basis.

Shares Issued on Exercise of Compensation Options

No options were exercised during the current and prior financial year that were granted as compensation in prior periods.

Share holdings and Option holdings

For further details on the movement during the year in the number of ordinary shares and options in IronClad Mining Limited held directly, indirectly or beneficially, by each Key Management Personnel, please refer to Note 4.

DIRECTORS REPORT (Cont'd)

Options: Granted and vested during the year

2011

	Granted		Terms and conditions for each grant					Vested
	Number	Date	Fair Value/ Option $	Exercise Price $	Expiry Date	First exercise date	Last exercise date	Number
Directors								
Ian Finch	-	-	-	-	-	-	-	-
Neil McKay	-	-	-	-	-	-	-	-
Peter Rowe	-	-	-	-	-	-	-	-
Executives								
Allen Cauvin	-	-	-	-	-	-	-	-
Patrick Clifford	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-

2010

	Granted		Terms and conditions for each grant					Vested
	Number	Date	Fair Value/ Option $	Exercise Price $	Expiry Date	First exercise date	Last exercise date	Number
Directors								
Ian Finch	-	-	-	-	-	-	-	-
Neil McKay	-	-	-	-	-	-	-	-
Peter Rowe	-	-	-	-	-	-	-	-
Shane Sadleir	-	-	-	-	-	-	-	-
Executives								
Andrew Bennett	-	-	-	-	-	-	-	-
Patrick Clifford	500,000	01/09/09	0.20	$1.25	01/09/14	01/09/11	01/09/14	-
	500,000							**-**

Signed in accordance with a resolution of the Board of Directors.

Ian D. Finch, Executive Chairman

Dated this 28th day of September 2011

Bentleys
THINKING AHEAD

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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

This declaration is made in connection with our audit of the financial report of IronClad Mining Limited and Controlled Entities for the year ended 30 June 2011 and in accordance with the provisions of the *Corporations Act 2001*.

We declare that, to the best of our knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- no contraventions of the *Code of Professional Conduct* of the Institute of Chartered Accountants in Australia in relation to the audit.

Yours faithfully

Bentleys

BENTLEYS
Chartered Accountants

CHRIS WATTS CA
Director

DATED at PERTH this 28th day of September 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 $	2010 $
Revenue and other income	2	299,986	99,746
Administrative expense		(50,506)	(35,815)
Consultancy expenses		(285,274)	(148,535)
Compliance and regulatory expenses		(69,681)	(81,564)
Depreciation and amortisation		(78,832)	(91,502)
Director fees		(92,037)	(88,037)
Share based payment income / (expenses)		305,631	(30,632)
Legal fees		(24,701)	(7,532)
Finance costs		(67,037)	(7,196)
Occupancy costs		(95,918)	(35,287)
Public relation costs		(284,847)	(114,483)
Staffing costs		(750,448)	(282,580)
Exploration costs written off		-	(230,381)
Other expenses from ordinary activities		(78,013)	(55,994)
Loss before income tax		(1,271,677)	(1,109,792)
Income tax benefit	3	700,538	188,074
Loss for the year		**(571,139)**	**(921,718)**
Other comprehensive income		-	-
Total comprehensive income		**(571,139)**	**(921,718)**
Basic loss per share (cents per share)	6	(0.96)	(2.21)

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Note	2011 $	2010 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	10,042,567	392,001
Trade and other receivables	8	1,256,353	596,217
TOTAL CURRENT ASSETS		11,298,920	988,218
NON-CURRENT ASSETS			
Trade and other receivables	8	65,189	39,950
Property, plant and equipment	9	2,940,003	170,513
Exploration and evaluation expenditure	10	14,206,234	22,306,496
Mine development expenditure	11	16,800,040	-
TOTAL NON-CURRENT ASSETS		34,011,466	22,516,959
TOTAL ASSETS		**45,310,386**	**23,505,177**
CURRENT LIABILITIES			
Trade and other payables	12	2,635,300	3,166,017
Borrowings	13	-	300,000
Provisions	14	67,318	188,617
TOTAL CURRENT LIABILITIES		2,702,618	3,654,634
TOTAL LIABILITIES		**2,702,618**	**3,654,634**
NET ASSETS		**42,607,768**	**19,850,543**
EQUITY			
Issued capital	15	45,207,663	21,821,347
Options reserve	16	2,746,530	2,804,482
Accumulated losses		(5,346,425)	(4,775,286)
TOTAL EQUITY		**42,607,768**	**19,850,543**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR ENDED 30 JUNE 2011

	Note	Issued Capital	Accumulated Losses	Option Reserve	Total
		$	$	$	$
Balance at 1 July 2009		**19,324,789**	**(3,853,568)**	**2,773,850**	**18,245,071**
Loss for the year		-	(921,718)	-	(921,718)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	(921,718)	-	(921,718)
Transaction with owners, in the capacity as owners, and other transfers					
Share options issued		-	-	30,632	30,632
Shares issued during the year		2,511,620	-	-	2,511,620
Transaction costs		(15,062)	-	-	(15,062)
Balance at 30 June 2010	15	**21,821,347**	**(4,775,286)**	**2,804,482**	**19,850,543**
Balance at 1 July 2010		**21,821,347**	**(4,775,286)**	**2,804,482**	**19,850,543**
Loss for the year		-	(571,139)	-	(571,139)
Other comprehensive income		-	-	-	-
Total comprehensive income for the year		-	(571,139)	-	(571,139)
Transaction with owners, in the capacity as owners, and other transfers					
Share options issued		-	-	247,679	247,679
Forfeited options of directors and employees		-	-	(305,631)	(305,631)
Shares issued during the year		24,732,029	-	-	24,732,029
Transaction costs		(1,345,713)	-	-	(1,345,713)
Balance at 30 June 2011	15	**45,207,663**	**(5,346,425)**	**2,746,530**	**42,607,768**

The accompanying notes form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments for exploration and evaluation activity		(9,500)	(7,241,962)
Payments for suppliers and employees		(1,712,803)	(914,195)
Interest received		221,617	99,253
Interest and other charges paid		(62,493)	-
Research and development rebate and other income		188,074	188,639
Net cash (outflows) from operating activities	17	(1,375,105)	(7,868,265)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(1,989,684)	(79,473)
Development of mineral tenements		(9,082,711)	-
Loan repayments from other entities		-	-
Net cash provided by (used in) investing activities		(11,072,395)	(79,473)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(1,545,560)	2,194,820
Proceeds from issue of shares		24,732,029	2,511,620
Fundraising Costs		(1,088,327)	(15,062)
Net cash provided by (used in) financing activities		22,098,142	4,691,378
Net increase in cash held		9,650,642	(3,256,360)
Cash at beginning of financial year		392,001	3,648,635
Effect of exchange rates on cash holdings in foreign currencies		(76)	(274)
Closing Cash and Cash Equivalents	7	**10,042,567**	**392,001**

The accompanying notes form part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report covers the economic entity of IronClad Mining Limited and controlled entities (the "Group"). IronClad Mining Limited is a listed public company, incorporated and domiciled in Australia whose shares are publicly traded on the Australian securities Exchange.

The financial report was authorised for issue in accordance with a resolution of the directors on 28th September 2011.

Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the consolidated financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. **Principles of Consolidation**

The consolidated financial statements comprise the financial statements of IronClad Mining Ltd and its subsidiaries as at 30 June 2011.

Subsidiaries are all those entities over which the Company has control. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

In preparing the consolidated financial statements all intra-group balances and transactions, income, expenses and profit and loss resulting from intra-group transactions have been eliminated in full.

Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the Company.

Where controlled entities have entered or left the Group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

b. **Income Tax**

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, and to unused tax losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Research and development costs are claimed as a rebate with the corresponding refund shown as an income tax benefit for the year.

c. **Foreign Currency Transactions and Balances**

Functional and presentation currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the consolidated statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity; otherwise the exchange difference is recognised in the consolidated statement of comprehensive income.

d. **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial year in which they are incurred.

Plant and equipment under construction are valued at cost. Upon commissioning, which is the date when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management, the assets are allocated into the relevant plant and equipment category for depreciation purposes.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Group commencing from the date of commissioning. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation Rate**
Motor Vehicles	20%
Plant and Equipment	20 – 33%
Computer Equipment	20 – 33%
Under Construction	0%

Paintings are not depreciated and are held at cost subject to revaluation at fair value.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the consolidated statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e. **Leases**

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that is transferred to the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT"D)

f. **Earnings Per Share**

Basic earnings per share ("EPS") is calculated as the profit / (loss) attributable to the equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, divided by the weighted average number of ordinary shares outstanding during the financial year, adjusted for any bonus entitlements in ordinary shares issued during the year.

g. **Revenue Recognition**

Revenue is measured at the fair value of the gross consideration received or receivable. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities. The amount of revenue is not considered to be reliably measurable until all material contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Interest

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield on the financial assets.

h. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks with an original maturity of three months or less. Bank overdrafts are shown within short-term borrowings in current liabilities on the consolidated statement of financial position.

i. **Employee Benefits**

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

j. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

k. **Impairment of Assets**

At the end of each reporting period the Group assesses whether there is any indication that an asset may be impaired. Where an indication of impairment exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the consolidated statement of comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

l. **Joint Venture Entities**

A joint venture entity is an entity in which the Group holds a long-term interest and which is jointly controlled by the Group and one or more other venturers. Decisions regarding the financial and operating policies essential to the activities, economic performance and financial position of that venture require the consent of each of the venturers that together jointly control the entity.

Joint Venture Operations

The Group has certain contractual arrangements with other participants to engage in joint activities where all significant matters of operating and financial policy are determined by the participants such that the operation itself has no significant independence to pursue its own commercial strategy. These contractual arrangements do not create a joint venture entity due to the fact that the policies are those of the participants rather than a separate entity carrying on a trade or a business of its own.

The consolidated financial statements include its share of the assets, liabilities, revenue, expenses and cash flows in such joint venture operations, measured in accordance with the terms of each arrangement, which is usually pro-rata to the Group's interest in the joint venture operations.

m. **Financial Instruments**

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs in relation to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Classification and Subsequent Measurement

i. *Financial assets at fair value through profit or loss*

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

ii. *Loans and Receivables*

Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are quoted in an active market are subsequently measured at amortised cost.

Loans and Receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as current assets).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

iii. *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

iv. *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

v. *Held to maturity investments*

Held to maturity investments are non-derivative financial assets with fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held to maturity investment are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. (All other investments are classified as current assets.)

If during the period the Group sold or reclassified more than an insignificant amount of the held to maturity investments before maturity, the entire held to maturity investments category would be tainted and reclassified as available-for-sale.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the consolidated statement of comprehensive income.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled, or expired. The difference between carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

n. **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event for which, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of its provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of comprehensive income net of any reimbursement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

o. **Share based payment transactions**

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

There is currently an Employee Incentive Scheme, which provides benefits to directors and senior executives.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using Black-Scholes option pricing model, further details of which are given in note 18.

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the share price of IronClad Mining Limited ('market conditions').

p. **Trade and Other Payables**

Trade and other payables are carried at cost and represent the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

q. **Exploration and Evaluation Expenditures**

Exploration and evaluation expenditures incurred are accumulated in respect of each identifiable area of interest. These costs are carried forward only if they relate to an area of interest for which rights of tenure are current and in respect of which:

(i) such costs are expected to be recouped through successful development and exploitation or from sale of the area; or

(ii) exploration and evaluation activities in the area have not, at balance date, reached a stage which permit a reasonable assessment of the existence of economically recoverable reserves, and active operations in, or relating to, the area are continuing.

Accumulated costs in relation to areas of interest which are abandoned are written off in full against profit in the year in which the decision to abandon the area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided from when exploration commences and are included in the costs. Site restoration costs include the dismantling and removal of equipment, building structures, waste removal, and rehabilitation of the site.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

r. **Mine Development Expenditure**

Deferred stripping

Overburden and other mine waste materials are often removed during the initial development of a mine in order to access the mineral deposit. This activity is referred to as development stripping. The directly attributable costs (inclusive of an allocation of relevant overhead expenditure) are capitalised as development costs. Capitalisation of development stripping costs ceases and amortisation of those capitalised costs commences when the strip ratio reaches the life of mine strip ratio. Amortisation of capitalised development stripping costs is determined on a unit of production basis over the life of the mine.

Where a mine operates several open pits that are regarded as separate operations for the purpose of mine planning, stripping costs are accounted for separately by reference to the ore from each separate pit. If, however, the pits are highly integrated for the purpose of the mine planning, the second and subsequent pits are regarded as extensions of the first pit in accounting for stripping costs. In such cases, the initial stripping, (i.e., overburden and other waste removal) of the second and subsequent pits are deferred to the extent that the current period ratio exceeds the life of the mine strip ratio The amount of stripping costs deferred is based on the strip ratio obtained by dividing the tonnage of waste mined either by the quantity of ore mined or by the quantity of minerals contained in the ore.

Capitalised development stripping costs are classified as 'Mine Development Expenditure'. Development stripping costs are considered in combination with other assets of an operation for the purpose of undertaking impairment assessments.

Removal of waste material normally continues throughout the life of a mine. This activity is referred to as production stripping and commences upon extraction of ore.

The costs of production stripping are charged to the statement of comprehensive income as operating costs.

s **Other Intangible assets**

Other intangible assets include computer software.

Intangible assets acquired separately are measured on initial recognition at cost, which comprises its purchase price plus any directly attributable cost of preparing the asset for its intended use. Following initial recognition, intangible assets are carried at cost less accumulated amortisation on a straight line basis over their useful lives.

t. **Contingencies**

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involved the exercise of significant judgement and estimates of the outcome of future events.

u. **Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key estimates and judgements:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Share based payments

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an internal valuation using Black-Scholes option pricing model, using the assumptions detailed in Note 18.

Exploration and evaluation costs

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are carried forward in respect of an area that has not at reporting period date reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves, and active and significant operations in, or relating to, the area of interest are continuing.

Environmental Issues

Balances disclosed in the consolidated financial statements and notes thereto are not adjusted for any pending or enacted environmental legislation, and the directors understanding thereof. At the current stage of the Group's development and its current environmental impact the directors believe such treatment is reasonable and appropriate.

Ore reserve and resource estimates

Ore reserves are estimates of the amount of ore that can be economically and legally extracted from the Company's mining properties. The Company estimates its ore reserves based on information compiled by appropriately qualified persons relating to the geological judgements to interpret the data. The estimation of recoverable reserves is based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs along with geological assumptions and judgements made in estimating the size and grade of the ore body. Changes in the reserve or resource estimates may impact upon the carrying value of exploration and evaluation assets, mine properties, property, plant and equipment, provision for rehabilitation, and depreciation and amortisation charges.

Taxation

Balances disclosed in the consolidated financial statements and the notes thereto, related to taxation, are based on the best estimates of directors. These estimates take into account both the financial performance and position of the Group as they pertain to current income taxation legislation, and the directors understanding thereof. No adjustment has been made for pending or future taxation legislation. The current income tax position represents that directors' best estimate, pending an assessment by the Australian Taxation Office.

Comparative figures

When required by accounting standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

When the Group applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its consolidated financial statements, a consolidated statement of financial position as at the beginning of the earliest comparative period will be disclosed.

v. **New Accounting Standards for Application in Future Periods**

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the Group has decided not to early adopt. A discussion of those future requirements and their impact on the Group is as follows:

– AASB 9: Financial Instruments (December 2010) (applicable for annual reporting periods commencing on or after 1 January 2013).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

This Standard is applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. The Group has not yet determined any potential impact on the financial statements.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based on: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, except when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

– AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010–2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (applicable for annual reporting periods commencing on or after 1 July 2013).

AASB 1053 establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements:

- Tier 1: Australian Accounting Standards; and
- Tier 2: Australian Accounting Standards – Reduced Disclosure Requirements.

Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.

The following entities are required to apply Tier 1 reporting requirements (ie full IFRS):

- for-profit private sector entities that have public accountability; and
- the Australian Government and state, territory and local governments.

Since the Group is a for-profit private sector entity that has public accountability, it does not qualify for the reduced disclosure requirements for Tier 2 entities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

– AASB 2010–4: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This Standard details numerous non-urgent but necessary changes to Accounting Standards arising from the IASB's annual improvements project. Key changes include:

  - clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
  - adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
  - amending AASB 101 to the effect that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
  - adding a number of examples to the list of events or transactions that require disclosure under AASB 134; and
  - making sundry editorial amendments to various Standards and Interpretations.

  This Standard is not expected to impact the Group.

– AASB 2010–5: Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (applicable for annual reporting periods beginning on or after 1 January 2011).

  This Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. However, these editorial amendments have no major impact on the requirements of the respective amended pronouncements.

– AASB 2010–6: Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (applicable for annual reporting periods beginning on or after 1 July 2011).

  This Standard adds and amends disclosure requirements about transfers of financial assets, especially those in respect of the nature of the financial assets involved and the risks associated with them. Accordingly, this Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards, and AASB 7: Financial Instruments: Disclosures, establishing additional disclosure requirements in relation to transfers of financial assets.

  This Standard is not expected to impact the Group.

– AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applies to periods beginning on or after 1 January 2013).

  This Standard makes amendments to a range of Australian Accounting Standards and Interpretations as a consequence of the issuance of AASB 9: Financial Instruments in December 2010. Accordingly, these amendments will only apply when the entity adopts AASB 9.

  As noted above, the Group has not yet determined any potential impact on the financial statements from adopting AASB 9.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

– AASB 2010–8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

  This Standard makes amendments to AASB 112: Income Taxes.

  The amendments brought in by this Standard introduce a more practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model under AASB 140: Investment Property.

  Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. This presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

  The amendments brought in by this Standard also incorporate Interpretation 121 into AASB 112.

  The amendments are not expected to impact the Group.

– AASB 2010–9: Amendments to Australian Accounting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters [AASB 1] (applies to periods beginning on or after 1 July 2011).

  This Standard makes amendments to AASB 1: First-time Adoption of Australian Accounting Standards.

  The amendments brought in by this Standard provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.

  Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting-Standards financial statements or to present Australian-Accounting-Standards financial statements for the first time.

  This Standard is not expected to impact the Group.

– AASB 2010–10: Further Amendments to Australian Accounting Standards – Removal of Fixed Dates for First-time Adopters [AASB 2009–11 & AASB 2010–7] (applies to periods beginning on or after 1 January 2013).

  This Standard makes amendments to AASB 2009–11: Amendments to Australian Accounting Standards arising from AASB 9, and AASB 2010–7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).

  The amendments brought in by this Standard ultimately affect AASB 1: First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters from having to reconstruct transactions that occurred before their transition date.

  [The amendments to AASB 2009–11 will only affect early adopters of AASB 2009–11 (and AASB 9: Financial Instruments that was issued in December 2009) as it has been superseded by AASB 2010–7.]

  This Standard is not expected to impact the Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Going Concern

The accounts have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business.

Whilst the Consolidated Entity has achieved exploration success with its mineral projects, the Directors recognise that the Consolidated Entity will have to seek additional funding in order to continue to exploit and develop its mineral assets.

The ability of the Consolidated Entity to continue to pay its debts as and when they fall due is dependent upon successfully raising additional funds and ultimately developing or selling its mineral properties.

The Directors believe it is appropriate to prepare these accounts on a going concern basis because:

- The Directors have an appropriate plan to raise additional funds as and when they are required. In light of the Consolidated Entity's current exploration and project development, the Directors believe that the additional capital required can be raised in the market; and
- The Directors have an appropriate plan to contain certain expenditure if appropriate funding is unavailable.

Should the Consolidated Entity not achieve the matters set out above, there is uncertainty whether it would continue as a going concern and therefore whether it would realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

The financial statements do not include any adjustment relating to the recoverability or classification of recorded asset amounts or to the amounts or classifications of liabilities that might be necessary should the Consolidated Entity not be able to continue as a going concern.

NOTE 2: REVENUE AND OTHER INCOME

	2011 $	2010 $
Interest earned	299,986	99,746
	299,986	**99,746**

NOTE 3: INCOME TAX

(a) **Income tax expense**		
Current tax	-	-
Deferred tax	-	-
	-	-
Deferred income tax expense included in income tax expense comprises:		
(Increase)/decrease in deferred tax assets	(2,609,933)	(2,391,589)
Increase/(decrease) in deferred tax liabilities	2,609,933	2,391,589
	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 3: INCOME TAX (CONT'D)

	2011 $	2010 $
(b) **Reconciliation of income tax expense to prima facie tax payable**		
Loss from ordinary activities before income tax	(1,271,677)	(1,109,792)
The prima facie tax refundable on loss from ordinary activities before income tax at 30%	(381,503)	(332,938)
Add / (Less) Tax effect of:		
Share based payments	(91,689)	-
Entertainment	1,558	3,203
Research and development claim	372,000	560,431
Other non deductible items	-	2,361
Prior year adjustment	(581,561)	178,455
Deferred tax assets not brought to account	(19,342)	(599,586)
Income tax attributable to operating loss	(700,538)	(188,074)
Applicable weighted average effective tax rates	Nil%	Nil%
Balance of franking account at year end	Nil	Nil
(c) **Deferred tax assets**		
Tax losses	9,700,111	6,314,353
Provisions and accruals	567,374	295,408
Capital raising costs	358,777	80,197
Other	18,845	23,943
	10,645,107	6,713,901
Set-off deferred tax liabilities	(9,319,703)	(6,709,770)
Net deferred tax assets	1,325,404	4,131
Less: deferred tax assets not recognised	(1,325,404)	(4,131)
Net tax assets	-	-
(d) **Deferred tax liabilities**		
Exploration expenditure	9,301,882	6,691,949
Other	17,821	17,821
	9,317,703	6,709,770
Set-off deferred tax assets	(9,317,703)	(6,709,770)
Net deferred tax assets	-	-
(e) **Tax losses**		
Unused tax losses for which no deferred tax asset has been recognised	4,418,012	13,770

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 3: INCOME TAX (CONT'D)

(f) The potential deferred tax benefit of these tax losses has not been recognised as an asset because recovery of tax losses is not considered probable in the context of AASB 112.

The benefit of these tax losses will only be realised if:

i) The Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised.

ii) The Group complies with the conditions for deductibility imposed by the law; and

iii) No changes in tax legislation adversely affect the Group in realising the benefit from the deduction for the loss.

(g) The Group applied for and received a rebate from the Australian Taxation office of $700,538 (2010: $188,074) representing the tax value of research and development costs for the year. The refund is shown as an income tax benefit for the year.

NOTE 4: KEY MANAGEMENT PERSONNEL

Refer to the Remuneration Report contained in the Directors' Report for details of remuneration paid to each member of the Group's Key management personnel. Names and positions held of the entity's key management personnel in office at any time during the financial year are:

Ian Finch	Chairman/ Executive Director
Neil McKay	Non-Executive Director
Peter Rowe	Non-Executive Director
Allen Cauvin	General Manager
Patrick Clifford	Former General Manager - Project

a. **Remuneration for Key Management Personnel**

	2011 **$**	**2010** **$**
Short term employment benefits	664,967	813,134
Post employment benefits	60,676	116,190
Long-term benefits	-	-
Share-based payments	(71,131)	71,131
Termination payments	116,267	43,750
Total remuneration	**770,779**	**1,044,205**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 4: KEY MANAGEMENT PERSONNEL (CONT'D)

b. **Number of Shares Held by Key Management Personnel**

2011	**Balance 1.7.2010**	**Granted As Compensation**	**Purchased**	**Options Exercised**	**Net Change Other***	**Balance 30.6.2011**
Ian Finch	32,500	-	80,982	-	-	113,482
Neil McKay	11,000	-	5,500	-	-	16,500
Peter Rowe	-	-	-	-	-	-
Allen Cauvin	-	-	-	-	-	-
Patrick Clifford	-	-	-	-	-	-
Total	**43,500**	**-**	**86,482**	**-**	**-**	**129,982**

2010	**Balance 1.7.2009**	**Granted As Compensation**	**Purchased**	**Options Exercised**	**Net Change Other***	**Balance 30.6.2010**
Ian Finch	25,000	-	7,500	-	-	32,500
Neil McKay	10,000	-	1,000	-	-	11,000
Peter Rowe	-	-	-	-	-	-
Shane Sadleir (i)	20,000	-	2,000	-	-	22,000
Patrick Clifford	-	-	-	-	-	-
Andrew Bennett	-	-	-	-	-	-
Total	**55,000**	**-**	**10,500**	**-**	**-**	**65,500**

(i) Shane Sadleir resigned as alternate director of IronClad Mining Limited on 17 March 2010.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

c. **Number of Options Held by Key Management Personnel**

2011	**Balance 1.7.2010**	**Granted As Compensation**	**Exercised**	**Net Change Other***	**Balance 30.6.2011**	**Unvested and not exercisable**
Ian Finch	1,125,000	-	-	(606,103)	518,897	-
Neil McKay	1,125,000	-	-	(621,700)	503,300	-
Peter Rowe	-	-	-	-	-	-
Allen Cauvin	-	-	-	-	-	-
Patrick Clifford	500,000	-	-	(500,000)	-	-
Total	**2,750,000**	**-**	**-**	**(1,727,803)**	**1,022,197**	**-**

2010	**Balance 1.7.2009**	**Granted As Compensation**	**Exercised**	**Net Change Other***	**Balance 30.6.2010**	**Unvested and not exercisable**
Ian Finch	1,500,000	-	-	(375,000)	1,125,000	-
Neil McKay	1,500,000	-	-	(375,000)	1,125,000	-
Peter Rowe	-	-	-	-	-	-
Shane Sadleir	-	-	-	-	-	-
Patrick Clifford	-	500,000	-	-	500,000	500,000
Andrew Bennett (i)	900,000	-	-	(500,000)	400,000	-
Total	**3,900,000**	**500,000**	**-**	**(1,250,000)**	**3,150,000**	**500,000**

(i) Andrew Bennett resigned from IronClad Mining Limited on 25 January 2010

*Net Change Other refers to shares/options purchased, sold or expired during the financial year.
The fair value of the options is determined using Black-Scholes option pricing method, detailed in Note 18.

NOTE 5: AUDITORS' REMUNERATION

	2011 $	**2010 $**
Remuneration of the auditor of the Group for:		
— Auditing or reviewing financial reports	44,865	29,600
— Other services	18,390	13,803
	63,255	**43,403**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 6: EARNINGS PER SHARE (EPS)

Basic earnings per share

The calculation of basic earnings per share at 30 June 2011 was based on the profit/ (loss) attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding as follows:

	2011	2010
	$	$
Profit / (Loss) attributable to ordinary shareholders	(571,139)	(921,718)
	No.	No.
Weighted average number of ordinary shares	59,301,472	41,658,854

Diluted earnings per share

There were potentially dilutive options on issue at balance date. However, given the Company has made a loss, there is no dilution of earnings hence the diluted loss per share is the same as basic loss per share.

	2011	2010
	$	$
NOTE 7: CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	10,956	2,148
Short-term bank deposits	10,031,611	389,853
	10,042,567	**392,001**

Cash at bank and short term bank deposits earn interest at floating rate based on daily bank deposit rates.

NOTE 8: TRADE AND OTHER RECEIVABLES

CURRENT		
Trade and other receivables	-	192,529
GST receivable	471,216	357,360
Research and development rebate	700,538	-
Interest receivable	78,946	577
Office bond – Adelaide	-	11,248
Other	5,653	34,503
	1,256,353	**596,217**
NON-CURRENT		
Office bond – Adelaide	45,519	24,950
Other bonds	19,670	15,000
	65,189	**39,950**

The Group has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for and mentioned within this note.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 9: PROPERTY, PLANT AND EQUIPMENT

	2011 $	2010 $
PLANT AND EQUIPMENT		
At cost	488,602	398,775
Accumulated depreciation	(307,095)	(228,262)
	181,507	**170,513**
(a) Reconciliation		
Carrying amount at beginning of period	170,513	182,542
Equipment	89,826	79,473
Depreciation expense	(78,832)	(91,502)
Carrying amount at end of period	**181,507**	**170,513**
UNDER CONSTRUCTION		
At cost	2,758,496	-
Accumulated depreciation	-	-
	2,758,496	**-**
(b) Reconciliation		
Carrying amount at beginning of period	-	-
Vessels at cost	1,162,079	-
Residential camp at cost	1,596,417	-
Depreciation expense	-	-
Carrying amount at end of period	**2,758,496**	**-**
Total Property Plant and Equipment	**2,940,003**	**170,513**

There is no plant and equipment of the Group that has been pledged as collateral.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 10: EXPLORATION AND EVALUATION EXPENDITURE

	2011 $	2010 $
Carrying amount at beginning	22,306,496	14,393,935
Expenditure incurred during the year	8,699,778	8,142,942
Transfer to mine development costs	(16,800,040)	-
Expenditure written off	-	(230,381)
	14,206,234	**22,306,496**

The value of the Group's interest in exploration expenditure is dependent upon:

- the continuance of the Group's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The Group's exploration properties may be subjected to claim(s) under native title, or contain sacred sites, or site of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

NOTE 11: MINE DEVELOPMENT EXPENDITURE

	2011 $	2010 $
Carrying amount at beginning	-	-
Transfers from exploration and evaluation expenditure	16,800,040	-
	16,800,040	**-**

Recoverability of the carrying amount of mine development expenditure is dependent on the successful commercial exploitation, or alternatively, sale of the respective area of interest.

NOTE 12: TRADE AND OTHER PAYABLES

Accounts payable	487,499	395,312
Payables to related entity	195,985	1,894,820
Other payables	61,921	-
Accruals	1,889,895	875,885
	2,635,300	**3,166,017**

Accounts payable are generally non-interest bearing and on 30 day terms. Related entity payable is further discussed in Note 26.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 13: BORROWINGS

	2011 $	2010 $
Loan from related entity	-	300,000

Related entity borrowing is further discussed in Note 26.

NOTE 14: PROVISIONS

		2011	2010
Employee entitlements	(i)	62,818	79,809
Taxes	(ii)	4,500	5,999
Rehabilitation	(iii)	-	102,809
		67,318	**188,617**

(i) Provision for annual leave payable to employees

Opening Balance	79,809	26,417
Amount Used	(170,573)	(45,246)
Additions	153,582	98,638
Closing Balance	**62,818**	**79,809**

(ii) Provision for fringe benefit tax payable

Opening Balance	5,999	-
Amount Used	(22,779)	(4,608)
Additions	21,280	10,607
Closing Balance	**4,500**	**5,999**

(iii) Provision for environmental rehabilitation required after drilling

Opening Balance	102,809	90,000
Amount Used	(102,809)	(72,000)
Additions	-	84,809
Closing Balance	**-**	**102,809**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 15: ISSUED CAPITAL

		2011 $	2010 $
a.	**Ordinary shares**		
	At the beginning of reporting period	21,821,347	19,324,789
	Shares issued during the year		-
	— Rights issue of 8,772,807 shares at $0.85	7,456,886	2,297,680
	— Rights issue of 23,028,002 shares at $0.75	17,271,002	213,940
	— Exercise of 5,521 options at $0.75	4,141	-
	At reporting date	46,553,376	21,836,409
	Transaction cost relating to share issues	(1,345,713)	(15,062)
	At the end of reporting period	**45,207,663**	**21,821,347**
		Number	**Number**
b.	**Ordinary shares**		
	At the beginning of reporting period	43,864,034	40,000,003
	— On 19 January 2010 shares at $0.65	-	3,534,892
	— On 13 April 2010 shares at $0.65	-	329,139
	— On 4 August 2010 shares at $0.85	8,772,807	-
	— On 23 February shares at $0.75	23,028,002	-
	— Option exercised at $0.75	5,521	-
	Total shares issued during the year	31,806,330	3,864,031
	At the end of reporting period	**75,670,364**	**43,864,034**

Terms of Ordinary Shares

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held and in proportion to the amount paid up on the shares held.

At shareholders meetings each ordinary share is entitled to one vote in proportion to the paid up amount of the share when a poll is called, otherwise each shareholder has one vote on a show of hands.

The Company has fully paid shares of no par value.

For information on relating to share options issued to key management personnel during the financial year, refer Note 4: Key Management Personnel, Note 16: Options Reserve, and Note 18: Share-based Payments.

Capital Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they may continue to provide returns for shareholders and benefits for other stakeholders.

Due to the nature of the Group's activities, being mineral exploration, the Group does not have ready access to credit facilities, with the primary source of funding being equity raisings. Therefore, the focus of the Group's capital risk management is the current working capital position against the requirements of the Group to meet exploration programmes and corporate overheads. The Group's strategy is to ensure appropriate liquidity is maintained to meet anticipated operating requirements, with a view to initiating appropriate capital raisings as required.

The Group's available working capital at 30 June was as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 15: ISSUED CAPITAL (CON'T)

	2011 $	2010 $
Cash and cash equivalents	10,042,567	392,001
Trade and other receivables	1,256,353	596,217
Trade, other payables and short term provisions	(2,702,618)	(3,654,634)
Total	**8,596,302**	**(2,666,416)**

NOTE 16: OPTION RESERVE

Reserves at the beginning of the reporting period	2,804,482	2,773,850
Movements in the year:		
500,000 employee options with exercise price $1.25 forfeited	-	(275,000)
500,000 employee options with exercise price $1.25 issued	-	71,132
250,000 employee options with exercise price $1.68 issued	-	234,500
500,000 employee options with exercise price $1.25 forfeited	(71,131)	-
250,000 employee options with exercise price $1.68 forfeited	(234,500)	-
1,200,000 compensation options with exercise price $0.75 issued	247,679	-
	2,746,530	**2,804,482**

The option reserve records items recognised as expenses on valuation of options issued to directors, employees and consultants.

NOTE 17: CASH FLOW INFORMATION

Reconciliations from the net loss after tax to the net cash flow from operations		
- Profit/(loss) from ordinary activities after income tax	(571,139)	(921,718)
Add Back non-cash flows in operating loss		
- Options issued to directors & vendors	(305,631)	30,632
- Depreciation	53,209	91,502
- Foreign exchange loss (gain)	76	274
Less Change in assets & liabilities		
- Decrease (Increase) in receivables	(604,824)	(349,699)
- Increase in exploration and evaluation expenditure	(9,500)	(7,912,561)
- Increase (decrease) in trade & other creditors and accruals	62,704	1,121,105
- Increase (decrease) in Provisions	-	72,200
Net cash outflows from Operating Activities	**(1,375,105)**	**(7,868,265)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 18: SHARE-BASED PAYMENTS

The Company has adopted a scheme called the IronClad Employee Incentive Scheme (Scheme). The purpose of the Scheme is to give employees, directors, executive officers of the Company an opportunity, in the form of options and performance rights, to subscribe for ordinary shares in the Company. The Directors consider the Scheme will enable the Company to retain and attract skilled and experienced employees, board members and executive officers and provide them with the motivation to make the Company more successful.

All options granted to key management personnel confer the right to purchase before the expiry date one ordinary share at the exercise price for every option held.

The Company also issued 1,200,000 options to consultants during the financial year.

	2011		2010	
	Number of Options	**Weighted Average Exercise Price $**	**Number of Options**	**Weighted Average Exercise Price $**
Outstanding at the beginning of the year	8,050,000	2.28	10,300,000	2.05
Granted	1,200,000	0.75	750,000	1.39
Exercised	-	-	-	-
Forfeited	(750,000)	1.39	(500,000)	1.25
Expired	(6,750,000)	2.44	(2,500,000)	1.25
Outstanding at year-end	**1,750,000**	**0.99**	**8,050,000**	**2.28**
Exercisable at year-end	**1,750,000**	**0.99**	**7,300,000**	**2.37**

The options outstanding at 30 June 2011 had a weighted average exercise price of $0.99 (2010: $2.28) and a weighted average remaining contractual life of 0.94 years (2010: 0.96 years). Exercise prices of these options range from $0.75 to $2.00 (2010: $1.25 to $3.00).

The options that were issued during the year had their price calculated by using a Black-Scholes option pricing model applying the following inputs:

	2011	**2010**
Weighted average exercise price	$0.75	$1.39
Weighted average life to exercise date of the option	0.98 years	5.00 years
Underlying share price	$0.78	$1.25 - $1.34
Expected share price volatility	59%	91% - 139%
Risk free interest rate	4.75%	5.2% - 5.5%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

Included in the Consolidated Statement of Comprehensive Income is share option income of $305,631 (2010: expense of $30,632), and relates, in full, to reversal of prior year's equity-settled share-based that have not been vested and were cancelled in the current year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 19: FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise cash and short term deposits. The main purpose of the financial instruments is to earn the maximum amount of interest at a low risk to the Group. The Group also has other financial instruments such as trade debtors and creditors which arise directly from its operations. For the period under review, it has been the Group's policy not to trade in financial instruments.

The Group does not use any form of derivatives as it does not have an exposure that requires the use of derivatives to hedge its exposure. Exposure limits are reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Board of Directors of the Group has overall responsibility for the establishment and oversight of the risk management framework. Management monitors and manages the financial risks relating to the operations of the Group through regular reviews of the risks under procedures approved by the Board of Directors.

Treasury Risk Management

The Group is not of a size nor are its financial affairs of such complexity to justify the establishment of a Finance Committee. However, senior executives of the Group analyse financial risk exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The main risks arising from the Group's financial instruments are market risk (include interest rate risk), credit risk, and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Market Risk

- Interest Rate Risk

The Group's exposure to market risk relates primarily to interest rate on its cash and cash equivalents and some of its trade and other receivables.

The Group manages interest rate and liquidity risk by monitoring levels of exposure to interest rate and assessment of market forecast for interest rate. It also monitors immediate and forecast cash requirements, to ensure adequate cash reserves are maintained.

The following sensitivity analysis together with mix of financial assets exposed to variable interest rate risk in existence at the end of the reporting period after taking into account judgements by management of reasonably possible movements in interest rates after consideration of the view of market commentators over the next twelve months.

Sensitivity Analysis

The following table summarises the sensitivity of the Group's financial assets to interest rate risk. Had the relevant variables, as illustrated in the tables, moved, with other variables held constant, post tax loss and equity would have been affected as shown.

		Interest Rate Risk -1%		**Interest Rate Risk +1%**	
	Carrying Amount	Net Loss ($)	Equity ($)	Net Profit ($)	Equity ($)
30 June 2011					
Consolidated Cash	10,042,567	(100,426)	(100,426)	100,426	100,426
Office Bonds	38,477	(385)	(385)	385	385
30 June 2010					
Consolidated Cash	392,001	(3,920)	(3,920)	3,920	3,920
Office Bonds	35,998	(360)	(360)	360	360

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 19: FINANCIAL RISK MANAGEMENT (CONT'D)

- Price Risk

Price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors for commodities. The Group does not have significant exposure to price risk.

- Foreign Exchange Risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group. The Group is not significantly exposed to foreign exchange risk, as all financial instruments are held in AUD.

(b) Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

Due to the nature of the Group's business (advanced exploration and development), the Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the consolidated financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk.

Cash and cash equivalents

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have an acceptable credit rating. The Group keeps its cash and cash equivalent with financial institution which has ratings AA or better.

Trade and other receivables

As the Group operates primarily in advanced exploration and development activities, it has limited trade receivables and exposure to credit risk in relation to trade receivables.

The Group where necessary establishes an allowance for impairment that represents its estimate of incurred losses in respect of other receivables and investments. Management does not expect any counterparty to fail to meet its obligations.

(c) Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows and the maturity profiles of its financial assets and liabilities to manage its liquidity risk. The Group does not have any external borrowings.

The Group anticipates a need to raise additional capital in the next 12 months to meet forecast operational and development activities. The decision on how the Group will raise future funds which may include debt and equity will depend on market conditions existing at that time.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 19: FINANCIAL RISK MANAGEMENT (CONT'D)

Financial instrument composition and maturity analysis

The table below reflects the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts might not reconcile to the consolidated statement of financial position.

2011	Weighted Average Effective Interest Rate %	Less than one month	1 to 3 Months	3 Months to one year	1 to 5 Years ($)	Total ($)
Financial Assets						
Non-interest bearing		-	1,177,408	-	-	1,177,408
Variable interest rate	4.72	2,023,208	-	-	-	2,023,208
Fixed interest rate	5.92	6,519,359	1,538,477	-	-	8,057,836
		8,542,567	**2,715,885**	**-**	**-**	**11,258,452**
Financial Liabilities						
Non-interest bearing	-	2,573,379	-	61,921	-	2,635,300
Variable interest rate	-	-	-	-	-	-
		2,573,379	**-**	**61,921**	**-**	**2,635,300**
Net financial assets		**5,969,188**	**2,715,885**	**(61,921)**	**-**	**8,623,152**
2010						
Financial Assets						
Non-interest bearing	-	-	584,392	-	-	584,392
Variable interest rate	4.53	392,001	-	-	-	392,001
Fixed interest rate	5.89	-	-	11,248	24,750	35,998
		392,001	**584,392**	**11,248**	**24,750**	**1,012,391**
Financial Liabilities						
Non-interest bearing	-	3,141,956	-	127,870	-	3,269,826
Variable interest rate	8.16	-	300,000	-	-	300,000
		3,141,956	**300,000**	**127,870**	**-**	**3,569,826**
Net financial assets		**(2,749,955)**	**284,392**	**(116,622)**	**24,750**	**(2,557,435)**

(d) Net Fair Values

The net fair value of cash and cash equivalents and non interest bearing monetary financial assets and liabilities approximates their carrying value.

The net fair value of financial assets and financial liabilities is based upon market prices at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction or by discounting the expected future cash flows by the current interest rates for assets and liabilities with similar risk profiles.

Listed equity investments have been valued by reference to market prices prevailing at balance date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 20: JOINT VENTURES

The Group has interests in unincorporated joint ventures as follows:

	Principal Activities	**Interest**		**Carrying Value ($)**	
		2011	**2010**	**2011**	**2010**
Wilcherry Hill Iron Ore Joint Venture	Mineral exploration JV for iron with Trafford Resources Limited whereby Ironclad has earned 80% equity in the project by sole funding $10M by 21 May 2009. Trafford continues to have a free-carried interest until production of extracted minerals commences.	80%	80%	31,006,274	22,306,496

NOTE 21: CONTROLLED ENTITIES

Name of Entity	**Principal Activity**	**Interest**	**Interest**
		2011	**2010**
Coastal Shipping Logistics Pty Ltd	Sea vessel owner and operator to be used for Lucky Bay's transhipping operations	100%	NIL

Coastal Shipping Logistics Pty Ltd was incorporated as wholly owned subsidiary of IronClad Mining Limited on 18 May 2011.

NOTE 22: COMMITMENTS

Tenement Commitments

In order to maintain current rights of tenure to mining tenements, the Group has the following discretionary exploration expenditure requirements up until expiry of leases. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the consolidated financial statements and are payable:

	2011 **$**	**2010** **$**
Not longer than one year	695,000	655,000
Longer than one year, but not longer than five years	3,985,000	3,370,000
Longer than five years	-	837,250
	4,680,000	**4,862,250**
Lease Commitments		
Not longer than one year	437,667	117,350
Longer than one year, but not longer than five years	1,448,660	178,316
Longer than five years	300,000	
	2,186,327	**295,666**
Capital Commitments		
Not longer than one year	4,353,884	-
	4,353,884	**-**

If the Group decides to relinquish certain leases and/or does not meet these obligations, assets recognised in the consolidated statement of financial position may require review to determine appropriateness of carrying values. The sale, transfer or farm-out of exploration rights to third parties will reduce or extinguish these obligations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 23: PARENT ENTITY DISCLOSURES

	2011 $	2010 $
a) Financial Position		
Assets		
Current assets	12,461,476	988,218
Non-current assets	32,849,387	22,516,959
Total assets	45,310,863	23,505,177
Liabilities		
Current liabilities	2,702,618	3,654,634
Non-current liabilities	-	-
Total liabilities	2,702,618	3,654,634
Equity		
Issued capital	45,207,663	21,821,347
Options Reserve	2,746,530	2,804,482
Accumulated Losses	(5,345,948)	(4,775,286)
Total Equity	42,608,245	19,850,543
b) Financial Performance		
Loss for the year	(570,662)	(921,718)
Other comprehensive income	-	-
Total comprehensive income	(570,662)	(921,718)
c) Guarantees Entered into by the Parent Entity in Relation to the Debts of its Subsidiaries		
Guarantee provided under the deed of cross guarantee (i)	-	-
d) Contingent Liabilities of the Parent Entity	-	-
e) Commitments for the Acquisition of Property, Plant and Equipment by the Parent Entity		
Plant and equipment		
Not longer than 1 year	-	-
Longer than 1 year and not longer than 5 years	-	-
Longer than 5 years	-	-
Total	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 24: OPERATING SEGMENTS

Segment Information

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of its exploration projects. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating tenements where the tenements are considered to form a single project. This is indicated by:

- Having the same ownership structure.
- Exploration being focused on the same mineral or type of mineral.
- Exploration programs targeting the tenements as a group, indicated by the use of the same exploration team, and shared geological data, knowledge and confidence across the tenements.
- Shared mining economic considerations such as mineralisation, metallurgy, marketing, legal, environmental, social and government factors.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Unless indicated otherwise in the segment assets note, investments in financial assets, deferred tax assets and intangible assets have not been allocated to operating segments.

Segment liabilities

Liabilities are allocated to segments where there is direct nexus between the incurrence of the liability and the operations of the segment. Borrowings and tax liabilities are generally considered to relate to the Group as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

*Unallocated item*s

The following items of revenue, expense, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- income tax expense;
- deferred tax assets and liabilities;
- discontinuing operations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 24: OPERATING SEGMENTS (CONT'D)

	Wilcherry Joint Venture $	Lincoln Joint Venture $	Coastal Shipping Logistics P/L $	Total $
(i) Segment performance				
Period ended 30.06.2011				
Segment revenue	**-**	**-**	**-**	**-**
Reconciliation of segment revenue to Group's revenue				
Net interest income				239,223
Total revenue				**239,223**
Segment result	**-**	**-**	**(477)**	**(477)**
Reconciliation of segment result to Group's net loss before tax				
Unallocated items:				
Net corporate Charges				(1,497,999)
Depreciation				(78,832)
Option issue expense				305,631
Net loss before income tax				**(1,271,677)**
Period ended 30.06.2010				
Segment revenue	**-**	**-**	**-**	**-**
Reconciliation of segment revenue to Group's revenue				
Net interest income				99,746
Total revenue				**99,746**
Segment result	**-**	**(230,381)**	**-**	**(230,381)**
Reconciliation of segment result to Group's net loss before tax				
Unallocated items:				
Net corporate Charges				(757,277)
Depreciation				(91,502)
Option issue expense				(30,632)
Net loss before income tax				**(1,109,792)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 24: OPERATING SEGMENTS (CONT'D)

(ii) Segment assets	**Wilcherry Joint Venture $**	**Lincoln Joint Venture $**	**Coastal Shipping Logistics P/L $**	**Total $**
Period ended 30.06.2011				
Segment assets	32,617,690	-	1,162,079	33,779,769
Reconciliation of segment assets to Group's assets				
Unallocated items:				
Cash and cash equivalents				10,042,567
Trade and other receivables				1,306,543
Property, plant and equipment				181,507
Total assets				**45,310,386**
Additions to segment assets for the year:				
Exploration expenditure	9,500	-	-	9,500
Development expenditure	8,690,278	-	-	8,690,278
Capital expenditure	1,596,416	-	1,162,079	2,758,495
Other – security bond	-	-	-	-
Total additions to segment assets	**10,296,194**	**-**	**1,162,079**	**11,458,273**
Period ended 30.06.2010				
Segment Assets	**22,321,496**	**-**	**-**	**22,321,496**
Reconciliation of segment assets to Group's assets				
Unallocated items:				
Cash and cash equivalents				392,001
Trade and other receivables				621,167
Property, plant and equipment				170,513
Total assets				**23,505,177**
Additions to segment assets for the year:				
Exploration expenditure	8,142,053	-	-	8,142,053
Other – security bond	15,000	-	-	15,000
Total additions to segment assets	**8,157,053**	**-**	**-**	**8,157,053**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 24: OPERATING SEGMENTS (CONT'D)

(iii) Segment liabilities	**Wilcherry Joint Venture $**	**Lincoln Joint Venture $**	**Coastal Shipping Logistics P/L $**	**Total $**
Period ended 30.06.2011				
Segment liabilities				
Reconciliation of segment liabilities to Group's liabilities	2,235,703	-	-	2,235,703
Unallocated items:				
Trade and other payables				399,597
Provisions				67,318
Total liabilities				**2,702,618**
Period ended 30.06.2010				
Segment liabilities	**2,873,249**	**-**		**2,873,249**
Reconciliation of segment liabilities to Group's liabilities				
Unallocated items:				
Trade and other payables				695,577
Provisions				85,808
Total liabilities				**3,654,634**

All the Group's operation segments are currently located in Australia and it does not have any major external customer as it is currently has not reached production phase.

NOTE 25: EVENTS SUBSEQUENT TO REPORTING DATE

On 2 August 2011, the Company exercised the option it held with Sea Transport Development SA Pty Ltd over the port facilities at Lucky Bay in South Australia. The Company now has full access to a designated 50 hectare site, with harbour frontage and full usage of the port itself, which paves the way for a two stage transhipping operation due to commence very early in 2012.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 26: RELATED PARTY INFORMATION

Transactions between related parties are on commercial terms and conditions, no more favourable than those available to other parties unless otherwise stated.

Transactions with related entities:

The Company entered into an agreement with its Trafford Resources Limited whereby Trafford was engaged to conduct exploration activities on its behalf while IronClad focussed its resources on its definitive feasibility study. Trafford will invoice IronClad on a quarterly basis for the costs it incurred in undertaking this exploration.

At 30 June 2011, $195,985 (2010: $1,894,820) is outstanding to Trafford Resources Limited for exploration activities that it has conducted on behalf of IronClad.

IronClad entered into a short term loan agreement with Trafford Resources Limited whereby it can access up to $1M at commercial rates. $300,000 was accessed at 8.16% interest per annum in the prior financial year and at 30 June 2011, full repayment had been made.

Director Related Entities:

Remuneration (excluding the reimbursement of costs) received or receivable by the directors of the Group and aggregate amounts paid to superannuation plans in connection with the retirement of directors are disclosed in the Remuneration Report and Note 4 to the accounts.

Peter Rowe was a Director of Ammtec Limited until November 2010, which provided consultation on some of the metallurgical test work studies for the Wilcherry Hill Iron Ore Project. Between July and November 2010, the cost of the services provided by Ammtec Limited amounts to $208,950 (2010: $159,070).

These transactions were made on commercial terms and conditions at market rates.

NOTE 27: CONTINGENT LIABILITIES

There are no contingent liabilities outstanding at the end of the year.

NOTE 28: COMPANY DETAILS

The registered office of the company is:

Level 2, 679 Murray Street

West Perth WA 6005

The principal place of business:

307 Pulteney Street

Adelaide SA 5000

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. the consolidated financial statements and notes, as set out on pages 21 to 58 and the remuneration disclosure that are contained in pages 16 to 19 of the Remuneration Report in the Directors' report, are in accordance with the *Corporations Act 2001* and:
    a. comply with Accounting Standards and the Corporations Regulations 2001; and
    b. give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the company;
    c. the remuneration disclosures that are contained in pages 16 to 19 of the Remuneration Report in the Directors' report comply with Australian Accounting Standard AASB 124 Related Party Disclosures and
    d. are in accordance with International Reporting Standard, issued by the International Accounting Standard Board; and
2. the Chief Executive Officer and Chief Financial Officer have each declared that:
    a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
    b. the financial statements and notes for the financial year comply with the Accounting Standards; and
    c. the financial statements and notes for the financial year give a true and fair view;
3. in the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Ian D. Finch

Dated this 28th day of September 2011

Bentleys
THINKING AHEAD

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Australia
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Independent Auditor's Report

To the Members of IronClad Mining Limited

We have audited the accompanying financial report of IronClad Mining Limited ("the Company"), and Controlled Entities ("the Consolidated Entity") which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standards AASB 101: *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Report

To the Members of IronClad Mining Limited *(Continued)*

Bentleys
THINKING AHEAD

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

Auditor's Opinion

In our opinion:

a. The financial report of IronClad Mining Limited is in accordance with the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

   ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. The financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in directors' report for the year ended 30 June 2011. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion, the Remuneration Report of IronClad Mining Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

Bentleys

BENTLEYS
Chartered Accountants

CHRIS WATTS CA
Director

DATED at PERTH this 28th day of September 2011

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The distribution of members and their holdings of equity securities in the Company as at 23 September 2011 was as follows:

1. **Shareholding**

a. **Distribution of Shareholders**

Distribution of Shareholders	Number of Holders	Number Ordinary
1 – 1000	249	112,550
1001 - 5000	568	1,693,129
5,001 – 10,000	370	2,888,418
10,001 – 100,000	571	16,907,813
100,001 – and over	66	54,068,454
	1,824	**75,670,364**

b. The number of shareholdings held in less than marketable parcels is 196.

c. The names of the substantial shareholders listed in the holding company's register as at 23 September 2011 are:

Shareholder	Number Ordinary
Trafford Resources Limited	27,524,675

d. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

— Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. **20 Largest Shareholders — Ordinary Shares**

	Name	Number of Ordinary Fully Paid Shares Held	% Held of Issued Ordinary Capital
1.	Trafford Resources Limited	27,524,675	36.37
2.	HSBC Custody Nominees (Australia) Limited	5,514,394	7.29
3.	Golden Stone Partners Limited	3,780,000	5.00
4.	National Nominees Limited	1,255,657	1.66
5.	Citicorp Nominees Pty Limited	898,151	1.19
6.	JP Morgan Nominees Australia Limited <Cash Income A/C>	855,401	1.13
7.	Pennock Pty Ltd	750,000	0.99
8.	DBS Vickers Securities (Singapore) Pte Ltd <Client A/C>	742,897	0.98
9.	Kembla No 20 Pty Ltd <CAA A/C>	640,000	0.85
10.	Mahsor Holdings Pty Ltd <Rosham Family Super A/C>	600,000	0.79
11.	Mahsor Holdings Pty Ltd <Rosham Family S/F No2 A/C>	571,000	0.75
12.	Mr. Dennis Banks and Mrs. Janie Banks <Banks Super Fund A/C>	499,112	0.66
13.	Phillip Securities Pte Ltd <Client Account>	490,000	0.65

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONT'D)

e. **20 Largest Shareholders — Ordinary Shares (cont'd)**

	Name	**Number of Ordinary Fully Paid Shares Held**	**% Held of Issued Ordinary Capital**
14.	Berne No 132 Nominees Pty Ltd	405,000	0.54
15.	Maniciti Pte Ltd	400,000	0.53
16.	Admark Investments Pty Ltd	350,000	0.46
17.	Southern Wool Brokers Pty Ltd	342,382	0.45
18.	Mr. Robert Gordon McKay	328,700	0.43
19.	Tribal Mining Corporation	304,167	0.40
20.	Australian Global Capital Pty Ltd	300,000	0.40
		46,551,536	61.52

2. The name of the company secretary is Neil W. McKay

3. The address of the principal registered office in Australia is Level 2, 679 Murray Street, West Perth, W.A. 6005. Telephone + (08) 9485 1040

4. Registers of securities are held at the following addresses

   Western Australia Advanced Share Registry Ltd. 150 Stirling Highway, Nedlands W.A. 6009

5. **Stock Exchange Listing**

   Quotation has been granted for all the ordinary shares of the company on all Member Exchanges of the Australian Stock Exchange Limited. The Company's ASX code is IFE.

6. **Unquoted Securities**

   Options over Unissued Shares

   A total of 17,277,448 options are on issue. 422,197 options are on issue to current directors and 1,050,000 to employees under the IronClad Mining Limited Employee Option Plan.

<table>
<tr><th colspan="2">CORPORATE GOVERNANCE STATEMENT</th></tr>
<tr><td colspan="2">The Board of Directors of IronClad Mining Limited ("IronClad" or "the Company") is responsible for the Corporate Governance of the Company.
The Company is committed to and support the implementation of the best practice in corporate governance, applied in a manner that is appropriate to the Company's circumstances. The Company has made it a priority to adopt systems of control and accountability as the basis for administration of its Corporate Governance.
The Company has taken note of the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice Recommendations. A second edition titled Corporate Governance Principles and Recommendations with 2010 Amendments was released at 30 June 2010.
Further information about the Company's corporate governance practices, including the relevant information on the Company's charters, code of conduct and other policies and procedures are set out on the Company's website at www.ironcladmining.com .
During the Company's financial year ended 30 June 2011 ("Reporting Period"), unless otherwise stated the Company has followed each of the Principles and Recommendations:</td></tr>
<tr><td>Principle 1</td><td>Lay solid foundations for management and oversight</td></tr>
<tr><td>1.1 Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions</td><td>The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities and functions of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the company to the Executive Chairman.
The General Manager and other senior executives are responsible for supporting and assisting the Executive Chairman in implementing the running of the general operations of the Company.</td></tr>
<tr><td>1.2 Companies should disclose the process for evaluating the performance of senior executives.</td><td>Each senior executive is required to participate in an annual review process with the Executive Chairman, which assesses individual performance.
The Executive Chairman's performance is evaluated by the Board on both informal and formal basis.</td></tr>
<tr><td>1.3 Companies should provide the information indicated in the Guide to Reporting on Principle 1</td><td>The Board Charter is available on the Company's website. Annual evaluations of senior executives have been conducted in accordance with the process disclosed.</td></tr>
<tr><td>Principle 2</td><td>Structure of the board to add value</td></tr>
<tr><td>2.1 A majority of the board should be independent directors</td><td><table>
<tr><td>Name</td><td>Position</td><td>Expertise</td><td>Term of Office</td></tr>
<tr><td>Ian D. Finch</td><td>Executive Chairman</td><td>Commercial and Exploration</td><td>Appointed 19 April 2007
50 months</td></tr>
<tr><td>Neil W. McKay</td><td>Non Executive Director</td><td>Commercial</td><td>Appointed 19 April 2007
50 months</td></tr>
<tr><td>Peter W. Rowe</td><td>Non Executive Director</td><td>Commercial and Development</td><td>Appointed 16 Feb 2009
28 months</td></tr>
</table></td></tr>
<tr><td>2.2 The chair should be an independent director</td><td>Mr. Finch is the Executive Chairman of the Company and does not meet the Company's criteria for independence. Mr. Finch's experience and knowledge of the Company make his contribution valuable to the Board such that it is appropriate for him to remain as Chair of the Board.</td></tr>
<tr><td>2.3 The roles of chair and chief executive officer should not be exercised by the same individual</td><td>The Company does not have a Chief Executive Officer. However the company has an Executive Chairman who also acts as Managing Director. Mr. Finch's experience and knowledge of the Company make his contribution valuable to the Board such that it is appropriate for him to hold the position.</td></tr>
</table>

CORPORATE GOVERNANCE STATEMENT	
2.4 The board should establish a nomination committee	The Board, as a whole serves as the Company's nomination committee. Terms and conditions of employees are negotiated by the Executive Chairman for recommendation to the Board.
2.5 Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	During the reporting year, the Company conducted a formal evaluation of its Executives. The Board undertakes an annual review of its own performance with external advice as appropriate. The remuneration policy which sets out terms and conditions for senior executives is set out in the Remuneration Report included in the Directors Report.
2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2	The Board is of the view that it is currently structured in such a way so as to add value and is appropriate for the complexity of the business at this time. The Board or individual directors may seek independent external professional advice as considered necessary at the expense of the Company, subject to prior consultation with the Executive Chairman. The Board, as a whole, will serve as the Company's nomination committee. The Board will determine the procedure for the selection and appointment of new directors and the re-election of incumbents, subject to shareholder approval, having in accordance with the Company's Constitution and having regard to the ability of the individual to contribute to the ongoing effectiveness of the Board, to exercise sound business judgment, to commit the necessary time to fulfil the requirements of the role effectively and to contribute to the development of the strategic direction for the Company.
Principle 3	**Promote ethical and responsible decision making**
3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to: • The practice necessary to maintain confidence in the Company's integrity • The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders • The responsibility and accountability of individuals for reporting and investigating reports of unethical practices	The Company's Corporate Governance Plan includes the following policies which provide a framework for decisions and actions in relation to ethical conduct in employment. • Securities Trading – Directors and Executives • Continuous Disclosure • The Company's Obligations to Stakeholders • Code of Conduct for Directors and Key Officers • Health Safety Environmental Charter All of the Company's Corporate Governance Polices are publicly available on the Company's website.

CORPORATE GOVERNANCE STATEMENT	
3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.	The Company is in the process of formulating a diversity policy in line with Corporate Governance principles. It strongly believes that the promotion of diversity on its board, senior executives and within the organisation adds to the strength of the Company. The formulation of the diversity policy will affirm the existing employment practice where the Company seeks to attract and retain the best people by promoting environment where each employee is treated fairly, with respect and have access to equal opportunities. The current diversity within the Company's workforce includes factors such as religion, race, ethnicity, language, gender, and age.
3.3 Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	The Corporate Governance guidelines requiring the Company to set measurable objectives for achieving gender diversity and to report against them. The Company is currently still developing these objectives to ensure processes at each level of the organisation are formalised and transparent.
3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women is senior executives positions and women on the board.	As at 30 June 2011, the Company had a diverse workforce with 6 females out of 15 employees, representing 40% of its total workforce. Currently it has no women in senior executive positions.
3.5 Companies should provide the information indicated in the Guide to reporting on Principle 3	The Company's Corporate Governance Polices includes the Company's Code of Conduct and Security Trading Policy. The Company is currently formulating its diversity policy which will affirm its current practice in promoting diversity throughout different level of its workforce.
Principle 4	**Safeguard integrity in the financial reporting**
4.1 The board should establish an audit committee	Given the size and scope of the Company's operations, the Board of Directors has assumed those responsibilities that are ordinarily assigned to an audit committee. The Board has adopted an Audit Committee Charter which provides that the Board may meet with the external auditor, without management present.

CORPORATE GOVERNANCE STATEMENT	
4.2 The audit committee should be structured so that it: • Consist of only non-executive directors • Consist of a majority of independent directors • Is chaired by an independent Chair, who is not Chair of the Board • Has at least three members.	The full Board of Directors carries out the duties of the audit committee. Given its size and composition, the Board does not consider that the Company will gain any benefit from the formation of a separate audit committee.
4.3 The audit committee should have a formal charter	The Company has a formal audit charter which the full board abides by.
4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4	It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial and non financial information. The shareholders in general meeting are responsible for the appointment of external auditors of the Company and the board from time to time will review the scope, performance and fees of those external auditors.
Principle 5	**Make timely and balanced disclosure**
5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies	The Board has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.
5.2 Companies should provide the information indicated in the Guide to reporting on Principle 5	The Board has designated the Executive Chairman as the person responsible for overseeing and coordinating disclosure of information to the ASX and the Company Secretary has responsibility of communicating with ASX. The company has a Continuous Disclosure Policy.

CORPORATE GOVERNANCE STATEMENT	
Principle 6	**Respect the rights of shareholders**
6.1 Companies should design a communication policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy	The Board has designed a communication policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.
6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6	The Board is committed to open and effective communications, ensuring all shareholders are informed of all significant developments concerning the Company. The Company has in place an effective Shareholder Communications Policy with dedicated personnel responsible for investor relations.
Principle 7	**Recognise and manage risk**
7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies	The Board regularly reviews and determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.
7.2 The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	The Board has the responsibility for undertaking and assessing risk management and internal control effectiveness. The Board is required to assess risk management and associated internal compliance and control procedures and is responsible for ensuring the process for managing risk is integrated within business planning and management activities. The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include: • Board receives regular updates on key risks associated with the development of the Company's Wilcherry Hill Iron Ore Project and has commissioned an Indicative Feasibility Study, which will also report on material risk for the Project. • Implementation of Board approved annual operating budgets and plans, then monitoring the actual progress against those; and The Board continuously seek to develop a more extensive Risk Management Policy, which can be used as a guide throughout the Company in identifying and communicating business risks.

CORPORATE GOVERNANCE STATEMENT	
7.3 The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks	The Board receives regular information about the financial position and performance of the Company. The Executive Chairman and the Company Secretary declare in writing to the Board that the financial reporting risk management and associated compliance controls have been assessed and found to be operating efficiently and effectively. This representation is made prior to the Directors' approval of the release of annual and half-yearly accounts.
7.4 Companies should provide the information indicated in the Guide to reporting on Principle 7.	The Board has overall responsibility for risk management through the implementation of the Company's systems and procedures. These systems are designed to ensure the effective and efficient business operations, compliance with laws and regulations and managing risk associated with the Company's business. It must be recognised however, that the internal control system can only provide reasonable and not absolute assurance against risk of material loss.
Principle 8	**Remunerate fairly and responsibly**
8.1 The board should establish a remuneration committee	The Board of Directors as a whole takes responsibility for the Remuneration Committee.
8.2 The remuneration committee should be structured so that it: • Consist of a majority of independent directors • Is chaired by an independent chair • Has at least three members.	Due to the small size and structure of the Board, a separate Remuneration Committee was not considered to be effective and efficient to the process of determining the levels of remuneration for the directors and key executives. The Board considers that it is more appropriate to set aside time at Board meetings each year to specifically address matters that would ordinarily fall to a Remuneration Committee. When considering matters of remuneration the Board functions in accordance with its Remuneration Committee Charter and seek professional advice where appropriate. All matters of remuneration continue to be determined in accordance with Corporations Act requirements, especially in relation to related party transactions.
8.3 Companies should clearly distinguish the structure of non-executive director's remuneration from that of executive directors and senior executives.	The Board distinguishes the structure of non-executive director's remuneration from that of executive directors and senior executives. The Company's Constitution and the Corporation Act also provide that the remuneration of non-executive directors should not be more than the aggregate fixed sum determined by a general meeting. The Company does not have any scheme to provide retirement remuneration to non-executive directors. The Board is responsible for determining the remuneration of the executive director (without the participation of the affected director).
8.4 Companies should provide the information indicated in the Guide to reporting on Principle 8	Full details regarding the remuneration policy of the Company, remuneration of Directors, is included in the Remuneration Report as part of the Directors' Report

SCHEDULE OF MINERAL TENEMENTS

AS AT 28 SEPTEMBER 2011

Project	***Tenement***	***Interest held by IronClad Mining Limited***
Wilcherry Hill	EL 4162 Formerly EL3095	Joint Venture Agreement has earned an 80% interest in the iron contained within the four tenements registered in the name of Trafford Resources Limited
Peterlumbo	EL4421 Formerly EL3272	
Eurilla Dam	EL 3981 Formerly EL3021	
Valley Dam	EL 4286 Formerly EL3190	

P Prospecting Licence
E Exploration Licence
M Mining Licence

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